

Hobbies

In a time of deficit trimming, make way for the dollar coin

By Roger Boye

Scores of lawmakers are co-sponsoring new legislation that would force Uncle Sam to replace \$1 bills with gold-colored dollar coins as a way to trim the budget deficit.

Two congressmen introduced the "One Dollar Coin Act of 1993" in the U.S. House on March 11 and also released a 36-page report by the U.S. General Accounting Office that concluded a dollar coin "could save millions if properly managed." Similar legislation also debuted in the Senate.

By March 25, the House bill had 112 co-sponsors, or about

one of every four House members. Under the proposal, dollar coins would have a heads-side design selected by the secretary of the Treasury and a tails-side design that recognizes American veterans.

Dollar-coin legislation in past sessions of Congress made little progress and had few co-sponsors. Some experts believe the 1993 proposal might go on the fast track, thanks to efforts in Washington at reducing the budget deficit.

Last year, a Federal Reserve study concluded that the government eventually would save \$395 million a year by switching to a dollar coin, an estimate the GAO

report endorsed. In addition, mass transit systems probably would save \$100 million or more annually because coins are easier to process than paper money.

Dollar coins would cost more to make than \$1 Federal Reserve notes (8 cents per coin versus 3.5 cents per bill). But coins last in circulation for many years while \$1 bills normally wear out after just 17 months of use.

The GAO downplayed concerns that people would shun a dollar coin, as they did the Susan B. Anthony dollar in the early 1980s. Several industrialized countries, including Canada and the United Kingdom, have succeeded in placing high denomina-

tion coins in circulation despite initial public opposition.

"While some percentage of the population may always prefer a paper dollar, most resistance to converting to a coin dollar stems from natural resistance to changing from what the public is used to," the GAO report said.

The GAO also concluded that:

- Congress and the administration must jointly reach and sustain an agreement to eliminate the \$1 bill in the face of likely initial negative public reaction, and a decision to stop issuing \$1 bills, once made, should not be reversed.

- Uncle Sam must show leadership and inform the public of

the benefits of converting to a \$1 coin. In an environment of unpopular deficit reduction measures, "the alternative of securing \$395 million in annual budget savings through updating our coinage is likely to be a relatively painless sacrifice for most Americans."

- A dollar coin should be distinctive and well-designed. The Anthony dollar failed in part because consumers confused it with a quarter. The House legislation calls for the new dollar to be "golden in color, have an unreeded edge [and] have tactile and visual features that make the denomination of the coin readily discernible."